

AIR QUALITY PERMIT

Issued To: Bitter Creek Pipelines, LLC
Rancholme 28 Battery
P.O. Box 131
Glendive, MT 59330

Permit: #3337-00
Application Complete: 07/19/04
Preliminary Determination Issued: 08/27/04
Department's Decision Issued: 09/14/04
Permit Final: 09/30/04
AFS: #003-0027

An air quality permit, with conditions, is hereby granted to Bitter Creek Pipelines, LLC (BCPL), pursuant to Sections 75-2-204 and 211 of the Montana Code Annotated (MCA), as amended, and Administrative Rules of Montana (ARM) 17.8.740, *et seq.*, as amended, for the following:

SECTION I: Permitted Facilities

A. Permitted Equipment

Permit #3337-00 is issued to BCPL for the construction and operation of the Rancholme 28 Battery. The facility is a natural gas compressor station. A complete list of the permitted equipment is contained in Section I.A of the permit analysis

B. Plant Location

The facility is located approximately seven miles northeast of Decker, Montana, in the NW¼ of Section 28, Township 9 South, Range 41 East, in Big Horn County, Montana.

SECTION II. Conditions and Limitations

A. Emission Limitations

1. BCPL shall not operate more than four compressor engines at any one time at the Rancholme 28 Battery (ARM 17.8.749).
2. The maximum rated design capacity of the Rancholme 28 Battery shall not exceed 1,680-horsepower (hp). The Rancholme 28 Battery may use only Waukesha 3524GSI, Caterpillar 3408TA, Waukesha F18GL, and Ajax 2802LE compressor engines (ARM 17.8.749).
3. The 840-hp Waukesha 3524GSI and the 400-hp Caterpillar 3408TA rich burn engines shall be controlled with a non-selective catalytic reduction (NSCR) unit and an air-to-fuel (AFR) controller. The pound per hour (lb/hr) emission limits for each of the engines shall be determined using the following equation and pollutant specific grams per horsepower-hour (g/hp-hr) emission factors (ARM 17.8.752):

Equation

Emission Limit (lb/hr) = Emission Factor (g/bhp-hr) * maximum rated design capacity of engine (bhp) * 0.002205 lb/g

Emission Factors

NO _x	1.0 g/hp-hr
CO	2.0 g/hp-hr
VOC	1.0 g/hp-hr

4. The 400-hp Waukesha F18GL lean burn engines shall be controlled with an oxidation catalyst. The pound per hour (lb/hr) emission limits for each of the engines shall be determined using the following equation and pollutant specific grams per horsepower-hour (g/hp-hr) emission factors (ARM 17.8.752):

Equation

Emission Limit (lb/hr) = Emission Factor (g/bhp-hr) * maximum rated design capacity of engine (bhp) * 0.002205 lb/g

Emission Factors

NO _x	1.0 g/hp-hr
CO	0.5 g/hp-hr
VOC	1.0 g/hp-hr

5. The pound per hour (lb/hr) emission limits for each of the 316-hp Ajax 2802LE 2-stroke lean burn engines shall be determined using the following equation and pollutant specific grams per horsepower-hour (g/hp-hr) emission factors (ARM 17.8.752):

Equation

Emission Limit (lb/hr) = Emission Factor (g/bhp-hr) * maximum rated design capacity of engine (bhp) * 0.002205 lb/g

Emission Factors

NO _x	1.0 g/hp-hr
CO	2.0 g/hp-hr
VOC	1.0 g/hp-hr

6. BCPL shall not cause or authorize emissions to be discharged into the outdoor atmosphere from any sources installed after November 23, 1968, that exhibit an opacity of 20% or greater averaged over 6-consecutive minutes (ARM 17.8.304).
7. BCPL shall not cause or authorize the use of any street, road, or parking lot without taking reasonable precautions to control emissions of airborne particulate matter (ARM 17.8.308).
8. BCPL shall treat all unpaved portions of the haul roads, access roads, parking lots, or general plant area with water and/or chemical dust suppressant as necessary to maintain compliance with the reasonable precautions limitation in Section II.A.7 (ARM 17.8.749).

B. Testing Requirements

1. The compressor engine shall be initially tested for NO_x and CO, concurrently, to demonstrate compliance with the emission limits as calculated in Sections II.A.3, and/or II.A.4, and/or II.A.5. The initial source testing shall be conducted within 180 days of the initial start up date of the compressor engine. After the initial source test, additional testing shall continue on an every 4-year basis or according to another testing/monitoring schedule as may be approved by the Department of Environmental Quality (Department) (ARM 17.8.105 and ARM 17.8.749).

2. All compliance source tests shall conform to the requirements of the Montana Source Test Protocol and Procedures Manual (ARM 17.8.106).
3. The Department may require further testing (ARM 17.8.105).

C. Operational Reporting Requirements

1. BCPL shall supply the Department with annual production information for all emission points, as required by the Department in the annual emission inventory request. The request will include, but is not limited to, all sources of emissions identified in the emission inventory contained in the permit analysis. Production information shall be gathered on a calendar-year basis and submitted to the Department by the date required in the emission inventory request. Information shall be in the units required by the Department. This information may be used to calculate operating fees, based on actual emissions from the facility, and/or to verify compliance with permit limitations (ARM 17.8.505).
2. BCPL shall notify the Department of any construction or improvement project conducted pursuant to ARM 17.8.745, that would include a change in control equipment, stack height, stack diameter, stack flow, stack gas temperature, source location or fuel specifications, or would result in an increase in source capacity above its permitted operation or the addition of a new emission unit. The notice must be submitted to the Department, in writing, 10 days prior to start up or use of the proposed de minimis change, or as soon as reasonably practicable in the event of an unanticipated circumstance causing the de minimis change, and must include the information requested in ARM 17.8.745(1)(d) (ARM 17.8.745).
3. All records compiled in accordance with this permit must be maintained by BCPL as a permanent business record for at least 5 years following the date of the measurement, must be available at the plant site for inspection by the Department, and must be submitted to the Department upon request (ARM 17.8.749).

D. Notification

1. BCPL shall provide the Department with written notification of commencement of construction of the Rancholme 28 Battery within 30 days after commencement of construction.
2. BCPL shall provide the Department with written notification of the actual start-up date of the compressor engines within 15 days after the actual start-up date(s).
3. BCPL shall provide the Department with written notification of the engine models utilized within 15 days after the actual start-up date(s).

SECTION III: General Conditions

- A. Inspection – BCPL shall allow the Department’s representatives access to the source at all reasonable times for the purpose of making inspections or surveys, collecting samples, obtaining data, auditing any monitoring equipment (CEMS, CERMS) or observing any monitoring or testing, and otherwise conducting all necessary functions related to this permit.

- B. Waiver – The permit and the terms, conditions, and matters stated herein shall be deemed accepted if BCPL fails to appeal as indicated below.
- C. Compliance with Statutes and Regulations – Nothing in this permit shall be construed as relieving BCPL of the responsibility for complying with any applicable federal or Montana statute, rule, or standard, except as specifically provided in ARM 17.8.740, *et seq.* (ARM 17.8.756).
- D. Enforcement – Violations of limitations, conditions and requirements contained herein may constitute grounds for permit revocation, penalties or other enforcement action as specified in Section 75-2-401, *et seq.*, MCA.
- E. Appeals – Any person or persons jointly or severally adversely affected by the Department’s decision may request, within 15 days after the Department renders its decision, upon affidavit setting forth the grounds therefore, a hearing before the Board of Environmental Review (Board). A hearing shall be held under the provisions of the Montana Administrative Procedures Act. The filing of a request for a hearing does not stay the Department’s decision, unless the Board issues a stay upon receipt of a petition and a finding. The issuance of a stay on a permit by the Board postpones the effective date of the Department’s decision until conclusion of the hearing and issuance of a final decision by the Board. If a stay is not issued by the Board, the Department’s decision on the application is final 16 days after the Department’s decision is made.
- F. Permit Inspection – As required by ARM 17.8.755, Inspection of Permit, a copy the air quality permit shall be made available for inspection by the Department at the location of the source.
- G. Permit Fee – Pursuant to Section 75-2-220, MCA, as amended by the 1991 Legislature, failure to pay the annual operation fee by BCPL may be grounds for revocation of this permit, as required by that section and rules adopted thereunder by the Board.
- H. Construction Commencement – Construction must begin within 3 years of permit issuance and proceed with due diligence until the project is complete or the permit shall be revoked (ARM 17.8.762).

PERMIT ANALYSIS
Bitter Creek Pipelines, LLC
Rancholme 28 Battery
Permit #3337-00

I. Introduction/Process Description

Bitter Creek Pipelines, LLC (BCPL) is permitted for the construction and operation of the Rancholme 28 Battery. The facility is a natural gas compressor station located approximately seven miles northeast of Decker, Montana, in the NW¼ of Section 28, Township 9 South, Range 41 East, in Big Horn County, Montana.

A. Permitted Equipment

The facility consists of not more than four compressor engines with a total maximum rated design capacity of 1,680-horsepower (hp). The facility may include any combination of Waukesha 3524GSI, Caterpillar 3408TA, Waukesha F18GL, and Ajax 2802LE compressor engines. The use of other engine models is not allowed by this permit.

B. Source Description

The Rancholme 28 Battery compresses and transports natural gas from the nearby gas field. The natural gas fired compressor engine compresses the gas for transmission through the pipeline.

II. Applicable Rules and Regulations

The following are partial explanations of some applicable rules and regulations that apply to the facility. The complete rules are stated in the Administrative Rules of Montana (ARM) and are available, upon request, from the Department of Environmental Quality (Department). Upon request, the Department will provide references for location of complete copies of all applicable rules and regulations or copies where appropriate.

A. ARM 17.8, Subchapter 1 – General Provisions, including but not limited to:

1. ARM 17.8.101 Definitions. This rule includes a list of applicable definitions used in this chapter, unless indicated otherwise in a specific subchapter.
2. ARM 17.8.105 Testing Requirements. Any person or persons responsible for the emission of any air contaminant into the outdoor atmosphere shall, upon written request of the Department, provide the facilities and necessary equipment (including instruments and sensing devices) and shall conduct tests, emission or ambient, for such periods of time as may be necessary using methods approved by the Department.
3. ARM 17.8.106 Source Testing Protocol. The requirements of this rule apply to any emission source testing conducted by the Department, any source or other entity as required by any rule in this chapter, or any permit or order issued pursuant to this chapter, or the provisions of the Clean Air Act of Montana, 75-2-101, *et seq.*, Montana Code Annotated (MCA).

BCPL shall comply with the requirements contained in the Montana Source Test Protocol and Procedures Manual, including, but not limited to, using the proper test methods and supplying the required reports. A copy of the Montana Source Test Protocol and Procedures Manual is available from the Department upon request.

4. ARM 17.8.110 Malfunctions. (2) The Department must be notified promptly by telephone whenever a malfunction occurs that can be expected to create emissions in excess of any applicable emission limitation or to continue for a period greater than 4 hours.
5. ARM 17.8.111 Circumvention. (1) No person shall cause or permit the installation or use of any device or any means that, without resulting in reduction of the total amount of air contaminant emitted, conceals or dilutes an emission of air contaminant that would otherwise violate an air pollution control regulation. (2) No equipment that may produce emissions shall be operated or maintained in such a manner as to create a public nuisance.

B. ARM 17.8, Subchapter 2 – Ambient Air Quality, including, but not limited to the following:

1. ARM 17.8.204 Ambient Air Monitoring
2. ARM 17.8.210 Ambient Air Quality Standards for Sulfur Dioxide
3. ARM 17.8.211 Ambient Air Quality Standards for Nitrogen Dioxide
4. ARM 17.8.212 Ambient Air Quality Standards for Carbon Monoxide
5. ARM 17.8.213 Ambient Air Quality Standard for Ozone
6. ARM 17.8.214 Ambient Air Quality Standard for Hydrogen Sulfide
7. ARM 17.8.220 Ambient Air Quality Standard for Settled Particulate Matter
8. ARM 17.8.221 Ambient Air Quality Standard for Visibility
9. ARM 17.8.222 Ambient Air Quality Standard for Lead
10. ARM 17.8.223 Ambient Air Quality Standard for PM₁₀

BCPL must maintain compliance with the applicable ambient air quality standards.

C. ARM 17.8, Subchapter 3 – Emission Standards, including, but not limited to:

1. ARM 17.8.304 Visible Air Contaminants. This rule requires that no person may cause or authorize emissions to be discharged into the outdoor atmosphere from any source installed after November 23, 1968, that exhibit an opacity of 20% or greater averaged over 6 consecutive minutes.
2. ARM 17.8.308 Particulate Matter, Airborne. (1) This rule requires an opacity limitation of less than 20% for all fugitive emission sources and that reasonable precautions be taken to control emissions of airborne particulate matter (PM). (2) Under this rule, BCPL shall not cause or authorize the use of any street, road, or parking lot without taking reasonable precautions to control emissions of airborne PM.
3. ARM 17.8.309 Particulate Matter, Fuel Burning Equipment. This rule requires that no person shall cause, allow, or permit to be discharged into the atmosphere PM caused by the combustion of fuel in excess of the amount determined by this rule.
4. ARM 17.8.310 Particulate Matter, Industrial Process. This rule requires that no person shall cause, allow, or permit to be discharged into the atmosphere PM in excess of the amount set forth in this rule.
5. ARM 17.8.322 Sulfur Oxide Emissions--Sulfur in Fuel. (4) Commencing July 1, 1972, no person shall burn liquid or solid fuels containing sulfur in excess of 1 pound of sulfur per million Btu fired. (5) Commencing July 1, 1971, no person shall burn any gaseous fuel containing sulfur compounds in excess of 50 grains per 100 cubic feet of gaseous fuel, calculated as hydrogen sulfide at standard conditions. BCPL will utilize natural gas for operating its fuel burning equipment, which will meet this limitation.

6. ARM 17.8.324 Hydrocarbon Emissions--Petroleum Products. (3) No person shall load or permit the loading of gasoline into any stationary tank with a capacity of 250 gallons or more from any tank truck or trailer, except through a permanent submerged fill pipe, unless such tank is equipped with a vapor loss control device as described in (1) of this rule.
7. ARM 17.8.340 Standard of Performance for New Stationary Sources and Emission Guidelines for Existing Sources. This rule incorporates, by reference, 40 CFR 60, Standards of Performance for New Stationary Sources (NSPS). This facility is not an NSPS affected source because it does not meet the definition of any NSPS subpart defined in 40 CFR 60.

The Rancholme 28 Battery is not an NSPS affected source because it does not meet the definition of a natural gas processing plant defined in 40 CFR 60, Subpart KKK. In addition, 40 CFR 60, Subpart LLL is not applicable to the Rancholme 28 Battery because the facility does not utilize a sweetening unit to process sour gas.

8. ARM 17.8.342 Emission Standards for Hazardous Air Pollutants for Source Categories. The source, as defined and applied in 40 CFR 63, shall comply with the requirements of 40 CFR 63, as listed below:

40 CFR 63, Subpart HH - National Emission Standards for Hazardous Air Pollutants From Oil and Natural Gas Production Facilities. Owners or operators of oil and natural gas production facilities, as defined and applied in 40 CFR Part 63, shall comply with the applicable provisions of 40 CFR Part 63, Subpart HH. In order for a natural gas production facility to be subject to 40 CFR Part 63, Subpart HH requirements, certain criteria must be met. First, the facility must be a major source of Hazardous Air Pollutants (HAP) as determined according to paragraphs (a)(1)(i) through (a)(1)(iii) of 40 CFR 63, Subpart HH. Second, a facility that is determined to be major for HAPs must also either process, upgrade, or store hydrocarbon liquids prior to the point of custody transfer, or process, upgrade, or store natural gas prior to the point at which natural gas enters the natural gas transmission and storage source category or is delivered to a final end user. Third, the facility must also contain an affected source as specified in paragraphs (b)(1) through (b)(4) of 40 CFR Part 63, Subpart HH. Finally, if the first three criteria are met, and the exemptions contained in paragraphs (e)(1) and (e)(2) of 40 CFR Part 63, Subpart HH do not apply, the facility is subject to the applicable provisions of 40 CFR Part 63, Subpart HH. Based on the information submitted by BCPL, the facility is not subject to the provisions of 40 CFR Part 63, Subpart HH because the facility is not a major source of HAPs.

40 CFR 63, Subpart HHH National Emission Standards for Hazardous Air Pollutants From Natural Gas Transmission and Storage Facilities. Owners or operators of natural gas transmission or storage facilities, as defined and applied in 40 CFR Part 63, shall comply with the standards and provisions of 40 CFR Part 63, Subpart HHH. In order for a natural gas transmission and storage facility to be subject to 40 CFR Part 63, Subpart HHH requirements, certain criteria must be met. First, the facility must transport or store natural gas prior to the gas entering the pipeline to a local distribution company or to a final end user if there is no local distribution company. Second, the facility must be a major source of HAPs as determined using the maximum natural gas throughput as calculated in either paragraphs (a)(1) and (a)(2) or paragraphs (a)(2) and (a)(3) of 40 CFR Part 63, Subpart HHH. Third, a facility must contain an affected source (glycol dehydration unit) as defined in paragraph (b) of 40 CFR Part 63, Subpart HHH. Finally, if the first three criteria are met, and the exemptions contained in paragraph (f) of 40 CFR Part 63, Subpart HHH, do

not apply, the facility is subject to the applicable provisions of 40 CFR Part 63, Subpart HHH. Based on the information submitted by BCPL, the facility is not subject to the provisions of 40 CFR 63, Subpart HHH because the facility is not a major source of HAPs.

40 CFR 63, Subpart ZZZZ National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines. Owners or operators of facilities that utilize reciprocating internal combustion engines and that are a major source of HAPs, as defined and applied in 40 CFR Part 63, shall comply with the standards and provisions of 40 CFR Part 63, Subpart ZZZZ. In order for a facility that utilizes a reciprocating internal combustion engine to be subject to 40 CFR Part 63, Subpart ZZZZ requirements, certain criteria must be met. The reciprocating internal combustion engines must have a maximum rated design capacity greater than 500-hp and the facility must be a major source of HAPs. Based on the information submitted by BCPL, the facility is not subject to the provisions of 40 CFR 63, Subpart ZZZZ because although the facility may utilize one reciprocating internal combustion engine with a maximum rated design capacity greater than 500-hp, the facility is not a major source of HAPs.

D. ARM 17.8, Subchapter 4 – Stack Height and Dispersion Techniques, including, but not limited to:

1. ARM 17.8.401 Definitions. This rule includes a list of definitions used in this chapter, unless indicated otherwise in a specific subchapter.
2. ARM 17.8.402 Requirements. BCPL must demonstrate compliance with the ambient air quality standards with a stack height that does not exceed Good Engineering Practices (GEP). The proposed heights of the new or altered stacks for BCPL are below the allowable 65-meter GEP stack height.

E. ARM 17.8, Subchapter 5 – Air Quality Permit Application, Operation and Open Burning Fees, including, but not limited to:

1. ARM 17.8.504 Air Quality Permit Application Fees. This rule requires that an applicant submit an air quality permit application fee concurrent with the submittal of an air quality permit application. A permit application is incomplete until the proper application fee is paid to the Department. BCPL submitted the appropriate permit application fee for the current permit action.
2. ARM 17.8.505 Air Quality Permit Operation Fees. An annual air quality operation fee must, as a condition of continued operation, be submitted to the Department by each source of air contaminants holding an air quality permit (excluding an open burning permit) issued by the Department. The air quality operation fee is based on the actual or estimated actual amount of air pollutants emitted during the previous calendar year.

An air quality operation fee is separate and distinct from an air quality permit application fee. The annual assessment and collection of the air quality operation fee, described above, shall take place on a calendar-year basis. The Department may insert into any final permit issued after the effective date of these rules, such conditions as may be necessary to require the payment of an air quality operation fee on a calendar-year basis, including provisions that prorate the required fee amount.

F. ARM 17.8, Subchapter 7 – Permit, Construction and Operation of Air Contaminant Sources, including, but not limited to:

1. ARM 17.8.740 Definitions. This rule is a list of applicable definitions used in this chapter, unless indicated otherwise in a specific subchapter.
2. ARM 17.8.743 Montana Air Quality Permits--When Required. This rule requires a person to obtain an air quality permit or permit alteration to construct, alter or use any air contaminant sources that have the Potential to Emit (PTE) greater than 25 tons per year of any pollutant. The Rancholme 28 Battery has a PTE greater than 25 tons per year of carbon monoxide (CO); therefore, an air quality permit is required.
3. ARM 17.8.744 Montana Air Quality Permits--General Exclusions. This rule identifies the activities that are not subject to the Montana Air Quality Permit program.
4. ARM 17.8.745 Montana Air Quality Permits--Exclusion for De Minimis Changes. This rule identifies the de minimis changes at permitted facilities that do not require a permit under the Montana Air Quality Permit Program.
5. ARM 17.8.748 New or Modified Emitting Units--Permit Application Requirements. (1) This rule requires that a permit application be submitted prior to installation, alteration or use of a source. BCPL submitted the required permit application for the current permit action. (7) This rule requires that the applicant notify the public by means of legal publication in a newspaper of general circulation in the area affected by the application for a permit. BCPL submitted an affidavit of publication of public notice for the May 23, 2004, issue of the *Billings Gazette*, a newspaper of general circulation in the town of Decker in Big Horn County, as proof of compliance with the public notice requirements.
6. ARM 17.8.749 Conditions for Issuance or Denial of Permit. This rule requires that the permits issued by the Department must authorize the construction and operation of the facility or emitting unit subject to the conditions in the permit and the requirements of this subchapter. This rule also requires that the permit must contain any conditions necessary to assure compliance with the Federal Clean Air Act (FCAA), the Clean Air Act of Montana, and rules adopted under those acts.
7. ARM 17.8.752 Emission Control Requirements. This rule requires a source to install the maximum air pollution control capability that is technically practicable and economically feasible, except that Best Available Control Technology (BACT) shall be utilized. The BACT analysis is included in Section III of this permit analysis.
8. ARM 17.8.755 Inspection of Permit. This rule requires that air quality permits shall be made available for inspection by the Department at the location of the source.
9. ARM 17.8.756 Compliance with Other Requirements. This rule states that nothing in the permit shall be construed as relieving BCPL of the responsibility for complying with any applicable federal or Montana statute, rule, or standard, except as specifically provided in ARM 17.8.740, *et seq.*
10. ARM 17.8.759 Review of Permit Applications. This rule describes the Department's responsibilities for processing permit applications and making permit decisions on those permit applications that do not require the preparation of an environmental impact statement.

11. ARM 17.8.762 Duration of Permit. An air quality permit shall be valid until revoked or modified, as provided in this subchapter, except that a permit issued prior to construction of a new or altered source may contain a condition providing that the permit will expire unless construction is commenced within the time specified in the permit, which in no event may be less than 1 year after the permit is issued.
12. ARM 17.8.763 Revocation of Permit. An air quality permit may be revoked upon written request of the permittee, or for violations of any requirement of the Clean Air Act of Montana, rules adopted under the Clean Air Act of Montana, the FCAA, rules adopted under the FCAA, or any applicable requirement contained in the Montana State Implementation Plan (SIP).
13. ARM 17.8.764 Administrative Amendment to Permit. An air quality permit may be amended for changes in any applicable rules and standards adopted by the Board of Environmental Review (Board) or changed conditions of operation at a source or stack that do not result in an increase of emissions as a result of those changed conditions. The owner or operator of a facility may not increase the facility's emissions beyond permit limits unless the increase meets the criteria in ARM 17.8.745 for a de minimis change not requiring a permit, or unless the owner or operator applies for and receives another permit in accordance with ARM 17.8.748, ARM 17.8.749, ARM 17.8.752, ARM 17.8.755, and ARM 17.8.756, and with all applicable requirements in ARM Title 17, Chapter 8, Subchapters 8, 9, and 10.
14. ARM 17.8.765 Transfer of Permit. This rule states that an air quality permit may be transferred from one person to another if written notice of Intent to Transfer, including the names of the transferor and the transferee, is sent to the Department.

G. ARM 17.8, Subchapter 8 – Prevention of Significant Deterioration of Air Quality, including, but not limited to:

1. ARM 17.8.801 Definitions. This rule is a list of applicable definitions used in this subchapter.
2. ARM 17.8.818 Review of Major Stationary Sources and Major Modifications--Source Applicability and Exemptions. The requirements contained in ARM 17.8.819 through ARM 17.8.827 shall apply to any major stationary source and any major modification, with respect to each pollutant subject to regulation under the FCAA that it would emit, except as this subchapter would otherwise allow.

This facility is not a major stationary source since this facility is not a listed source and the facility's PTE is below 250 tons per year of any pollutant (excluding fugitive emissions).

H. ARM 17.8, Subchapter 12 – Operating Permit Program Applicability, including, but not limited to:

1. ARM 17.8.1201 Definitions. (23) Major Source under Section 7412 of the FCAA is defined as any source having:
 - a. PTE > 100 tons/year of any pollutant;
 - b. PTE > 10 tons/year of any one HAP, PTE > 25 tons/year of a combination of all HAPs, or lesser quantity as the Department may establish by rule; or

- c. PTE > 70 tons/year of particulate matter with an aerodynamic diameter of 10 microns or less (PM₁₀) in a serious PM₁₀ nonattainment area.
2. ARM 17.8.1204 Air Quality Operating Permit Program. (1) Title V of the FCAA amendments of 1990 requires that all sources, as defined in ARM 17.8.1204(1), obtain a Title V Operating Permit. In reviewing and issuing Air Quality Permit #3337-00 for BCPL, the following conclusions were made:
 - a. The facility's PTE is less than 100 tons/year for any pollutant.
 - b. The facility's PTE is less than 10 tons/year for any one HAP and less than 25 tons/year for all HAPs.
 - c. This source is not located in a serious PM₁₀ nonattainment area.
 - d. This facility is not subject to any current NSPS.
 - e. This facility is not subject to any current NESHAP standards.
 - f. This source is not a Title IV affected source, nor a solid waste combustion unit.
 - g. This source is not an EPA designated Title V source.

Based on these facts, the Department determined that the Rancholme 28 Battery is a minor source of emissions as defined under Title V.

III. BACT Determination

A BACT determination is required for each new or altered source. BCPL shall install on the new or altered source the maximum air pollution control capability, which is technically practicable and economically feasible, except that BACT shall be utilized.

A BACT analysis was submitted by BCPL in Permit Application #3337-00, addressing some available methods of controlling emissions from the sources used at the Rancholme 28 Battery. The Department reviewed these methods, as well as previous BACT determinations in order to make the following BACT determination.

A. Compressor Engines

1. CO BACT

As part of the CO BACT analyses, the following control technologies were reviewed:

- Lean burn engine with a catalytic oxidation unit and an air-to-fuel ratio (AFR) controller;
- Lean burn engine with a catalytic oxidation unit;
- Lean burn engine with an AFR controller;
- Lean burn engine with a non-selective catalytic reduction (NSCR) unit and AFR controller;
- Lean burn engine with an NSCR unit;
- Lean burn engine with no additional controls;

- 2-Stroke lean burn engine with no additional controls (400-hp range engines only);
- Rich burn engine with an NSCR unit and an AFR controller;
- Rich burn engine with an NSCR unit;
- Rich burn engine with an AFR controller;
- Rich burn engine with a catalytic oxidation unit and an AFR controller;
- Rich burn engine with a catalytic oxidation unit; and
- Rich burn engine with no additional controls.

Catalytic oxidation applied to a rich burn is technically infeasible because the oxygen concentration from a rich burn engine is not high enough for a catalytic oxidizer to operate properly. An NSCR unit applied to a lean burn engine or lean burn retrofit engine is also technically infeasible because the NSCR unit needs a rich fuel-to-air ratio to operate effectively. AFR controllers for the lean burn Waukesha F18GL engines are not equipment currently provided by industry.

Technically feasible control options, in order of the highest control efficiency to the lowest control efficiency, include:

400-hp Range Engines

Control Technology	% Control	CO Emission Rate (g/bhp-hr)
Lean Burn with Catalytic Oxidizer	97.5	0.5
Rich Burn with NSCR and AFR or NSCR only	90.0	2.0
2-Stroke Lean Burn without Control	90.0	2.0
Lean Burn without Control	85.0	3.0
Rich Burn without Control or with only AFR	--	20.0

800-hp Range Engines

Control Technology	% Control	CO Emission Rate (g/bhp-hr)
Lean Burn with Catalytic Oxidizer and/or AFR	97.5	0.5
Rich Burn with NSCR and/or AFR	90.0	2.0
Lean Burn without Control or with only AFR	85.0	3.0
Rich Burn without Control or with only AFR	--	20.0

The control methods listed above are widely used; these control options cannot be eliminated solely based on environmental or energy impacts. Lean burn engines do emit relatively higher HAP (formaldehyde) emissions than rich burn engines. Lean burn engines cannot be eliminated based on higher formaldehyde emissions, but the higher formaldehyde emissions can affect the BACT determination. 800-hp range engines without AFR control are removed from the analysis because AFR control would be required and is consistent with other recently permitted similar sources.

The following tables show the cost per ton of CO reduction achieved for the various control options.

400-hp Engine Range Cost Effectiveness

Control Technology	Total Annual Cost (\$)	Resulting CO Emissions (tpy)	Cost Effectiveness (\$/ton)
Controlled Emissions			
2-Stroke Lean Burn without Control	--	6.1	0
Lean Burn Engine with Oxidation Catalyst	10,000	1.9	1,031
Rich Burn Engine with NSCR and AFR or NSCR only	40,339	7.7	580
Baseline Emissions			
2-Stroke Lean Burn without Control	--	6.1	0
Lean Burn Engine without Control	--	11.6	0
Rich Burn Engine without Control or with only AFR	--	77.3	0

- $\$1,031 = \$10,000 / (11.6-1.9)$
- $\$580 = \$40,339 / (77.3-7.7)$

800-hp Engine Range Cost Effectiveness

Control Technology	Total Annual Cost (\$)	Resulting CO Emissions (tpy)	Cost Effectiveness (\$/ton)
Controlled Emissions			
Lean Burn Engine with Oxidation Catalyst and AFR	13,173	3.8	696
Rich Burn Engine with NSCR and AFR	53,139	16.2	364
Baseline Emissions			
Lean Burn Engine without Control and with AFR	--	22.7	0
Rich Burn Engine without Control and with AFR	--	162.1	0

- $\$696 = \$13,173 / (22.7-3.8)$
- $\$364 = \$53,139 / (162.1-16.2)$

The use of the rich burn engine with an NSCR unit and AFR controller is the most cost-effective method to control CO emissions. The Department agrees that rich burn engines with an NSCR unit and AFR controller, with an emission limit of 2.0 g/bhp-hr is BACT. A rich burn engine equipped with an NSCR unit and an AFR controller is frequently used in the natural gas compression industry and the BACT determination is consistent with other recently permitted similar sources. Because a 4-stroke lean burn engine equipped with an oxidation catalyst, with an emission limit of 0.5 g/bhp-hr, and a 2-stroke lean burn engine, with an emission limit of 2.0 g/bhp-hr, provide environmental benefits that are equal to or exceed that of the rich burn engines equipped with NSCR and AFR the Department determined that they can be utilized in place of the rich burn engines.

2. NO_x BACT

As part of the NO_x BACT analyses, the following control technologies were reviewed:

- Lean burn engine with an SCR unit and AFR controller;
- Lean burn engine with an SCR unit;
- Lean burn engine with an AFR controller;
- Lean burn engine with an NSCR unit and AFR controller;
- Lean burn engine with an NSCR unit;
- Lean burn engine with no additional controls;
- 2-Stroke lean burn engine with no additional controls (400-hp range engines only);
- Rich burn engine with an NSCR unit and an AFR controller;
- Rich burn engine with an NSCR unit;
- Rich burn engine with an AFR controller;

- Rich burn engine with an SCR and an AFR controller;
- Rich burn engine with an SCR; and
- Rich burn engine with no additional controls.

SCR applied to rich burn engines is technically infeasible because the oxygen concentration from rich burn engines is not high enough for an SCR to operate properly. NSCR on lean burn engines is technically infeasible because the engine must burn a rich fuel mixture for the NSCR to properly operate. Adverse environmental impacts could occur with an SCR unit operating on lean burn engines at variable loads as required by a typical compressor engine. SCR units are typically installed on process units that have a constant or low variability in load fluctuation. When engine load changes excess ammonia (ammonia slip) may pass through the system and out the stack or not enough ammonia will be injected. SCR units are technically infeasible because of the potential adverse environmental impacts from the typical load fluctuations that are required for compressor engines. SCR units have not been installed on lean burn compressor engines in Montana.

Technically feasible control options, in order of the highest control efficiency to the lowest control efficiency, include:

400 and 800-hp Range Engines

Control Technology	% Control	NO _x Emission Rate (g/bhp-hr)
Rich Burn with NSCR and AFR	95.0	1.0
Rich Burn with NSCR	95.0	1.0
Lean Burn without Control or with AFR only	95.0	1.0
2-Stroke Lean Burn without Control	95.0	1.0
Rich Burn without Control or with AFR only	0.0	20.0

The control methods listed above are widely used; these control options cannot be eliminated solely based on environmental or energy impacts.

Lean burn engines do emit relatively higher HAP (formaldehyde) emissions than rich burn engines. Lean burn engines cannot be eliminated based on higher formaldehyde emissions, but the higher formaldehyde emissions can affect the BACT determination.

The table below shows the cost per ton of NO_x reduction achieved for the various control options.

400-hp Engine Range Cost Effectiveness

Control Technology	Total Annual Cost	Resulting NO _x Emissions (tpy)	Cost Effectiveness (\$/ton)
Controlled Emissions			
2-Stroke Lean Burn without Control	--	3.0	0
Lean Burn Engine without Control	--	3.9	0
Rich Burn Engine with NSCR and AFR	40,339	3.9	550
Baseline Emissions			
2-Stroke Lean Burn without Control	--	3.0	0
Lean Burn Engine without Control	--	7.8	0
Rich Burn Engine without Control	--	77.3	0

- $\$550 = \$40,339 / (77.3 - 3.9)$

400-hp Engine Range Incremental Cost Effectiveness

Control Technology	Total Annual Cost (\$)	Resulting NO _x Emissions (tpy)	Incremental Cost Effectiveness (\$/ton)
Lean Burn Engine without Control	--	3.9	
Rich Burn Engine with NSCR and AFR	40,339	3.9	
Incremental Cost and Control	(40,339)	0.0	(40,339)
2-Stroke Lean Burn without Control	--	3.0	
Rich Burn Engine with NSCR and AFR	40,339	3.9	
Incremental Cost and Control	(40,339)	0.9	(44,821)

800-hp Engine Range Cost Effectiveness

Control Technology	Total Annual Cost (\$)	Resulting NO _x Emissions (tpy)	Cost Effectiveness (\$/ton)
Controlled Emissions			
Lean Burn Engine without Control and with AFR	--	7.6	0
Rich Burn Engine with NSCR and AFR	53,139	8.1	345
Baseline Emissions			
Lean Burn Engine without Control and with AFR	--	15.1	0
Rich Burn Engine without Control and with AFR	--	162.1	0

- $\$345 = \$53,139 / (162.1 - 8.1)$

800-hp Engine Range Incremental Cost Effectiveness

Control Technology	Total Annual Cost (\$)	Resulting NO _x Emissions (tpy)	Incremental Cost Effectiveness (\$/ton)
Lean Burn Engine without Control and with AFR	--	7.6	
Rich Burn Engine with NSCR and AFR	53,139	8.1	
Incremental Cost and Control	(53,139)	0.5	(106,278)

The use of the lean burn engine without control is the most cost-effective method to control NO_x emissions. The rich burn engine equipped with an NSCR unit and an AFR controller has the same emission rate of 1.0 g/bhp-hr as the lean burn engine. The cost effectiveness of the 400-hp rich burn engine and the cost effectiveness of the 840-hp rich burn engine are \$550 and \$345 per ton respectively. The cost effectiveness of the 400-hp lean burn engine and the cost effectiveness of the 785-hp lean burn engine are each \$0 per ton. A 400-hp rich burn engine would cost an additional \$40,339 but no additional tons of NO_x would be removed beyond the lean burn engine. A rich burn engine would cost an additional \$44,821 per additional ton of NO_x removed beyond a 316-hp 2-stroke lean burn engine. An 840-hp rich burn engine would cost an additional \$106,278 per additional ton of NO_x removed beyond the 785-hp lean burn engine. The Department agrees that the emission limit of 1.0 g/bhp-hr using a lean burn engine without control or an AFR only for control of NO_x emissions is BACT. A lean burn engine equipped with no additional control or an AFR only is frequently used in the natural gas compression industry and the BACT determination is consistent with other recently permitted similar sources. Because a 4-stroke rich burn engine equipped with an NSCR and AFR, with an emission limit of 1.0 g/bhp-hr, and a 2-stroke lean burn engine, with an emission limit of 1.0 g/bhp-hr, provide equal emission rates than the lean burn engine without control, the Department determined that they can be utilized in place of the lean burn engines.

3. VOC BACT

Because a 4-stroke rich burn engine equipped with an NSCR unit and an AFR controller, with an emission limit of 1.0 g/bhp-hr, a 4-stroke lean burn engine equipped with an oxidation catalyst, with an emission limit of 1.0 g/bhp-hr, and a 2-stroke lean burn engine,

with an emission limit of 1.0 g/bhp-hr, provide equal emission rates the Department determined that they can be utilized. The Department determined that no additional controls and burning pipeline quality natural gas to meet a lb/hr emission limit equivalent to 1.0 g/bhp-hr constitute BACT for the proposed compressor engines.

4. PM₁₀ and SO₂ BACT

The Department is not aware of any BACT determinations that have required controls for PM₁₀ or SO₂ emissions from natural gas fired compressor engines. BCPL proposed no additional controls and burning pipeline quality natural gas as BACT for PM₁₀ and SO₂ emissions from the proposed compressor engine. Due to the relatively small amount of PM₁₀ and SO₂ emissions from the proposed engine and the cost of adding additional control, any add-on controls would be cost prohibitive. Therefore, the Department concurred with BCPL's BACT proposal and determined that no additional controls and burning pipeline quality natural gas will constitute BACT for PM₁₀ and SO₂ emissions from the compressor engine.

IV. Emission Inventory

Source	Ton/year				
	PM ₁₀	NO _x	VOC	CO	SO _x
840-hp Waukesha 3524GSI	0.27	8.11	8.11	16.23	0.02
400-hp Caterpillar G3408TA	0.13	3.86	3.86	7.73	0.01
400-hp Waukesha F18GL	0.13	3.86	3.86	1.93	0.01
316-hp Ajax 2802LE	0.10	3.05	3.05	6.11	0.01
Hypothetical Maximum					
1,680-hp Engine	0.55	16.23	16.23	32.00	0.03

840-hp Waukesha 3524GSI Compressor Engine

Brake Horsepower: 840 bhp
Hours of operation: 8760 hr/yr

PM₁₀ Emissions

Emission Factor: 9.50E-03 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 6.57 MMBtu/hr (Maximum Design)
Calculations: 6.57 MMBtu/hr * 9.50E-03 lb/MMBtu = 0.06 lb/hr
0.06 lb/hr * 8760 hr/yr * 0.0005 ton/lb = 0.27 ton/yr

NO_x Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: 1.00 gram/bhp-hour * 840 bhp * 0.002205 lb/gram = 1.85 lb/hr
1.85 lb/hr * 8760 hr/yr * 0.0005 ton/lb = 8.11 ton/yr

VOC Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: 1.00 gram/bhp-hour * 840 bhp * 0.002205 lb/gram = 1.85 lb/hr
1.85 lb/hr * 8760 hr/yr * 0.0005 ton/lb = 8.11 ton/yr

CO Emissions

Emission factor: 2.00 gram/bhp-hour (BACT Determination)
Calculations: 2.00 gram/bhp-hour * 840 bhp * 0.002205 lb/gram = 3.70 lb/hr
3.70 lb/hr * 8760 hr/yr * 0.0005 ton/lb = 16.23 ton/yr

SO₂ Emission

Emission factor: 5.88E-04 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 6.57 MMBtu/hr (Maximum Design)
Calculations: $6.57 \text{ MMBtu/hr} * 5.88\text{E-}04 \text{ lb/MMBtu} = 0.00 \text{ lb/hr}$
 $0.00 \text{ lb/hr} * 8760 \text{ hr/hr} * 0.0005 \text{ ton/lb} = 0.02 \text{ ton/yr}$

400-hp Caterpillar G3408TA Compressor Engine

Brake Horsepower: 400 bhp
Hours of operation: 8760 hr/yr

PM₁₀ Emissions

Emission Factor: 9.50E-03 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 3.02 MMBtu/hr (Maximum Design)
Calculations: $3.02 \text{ MMBtu/hr} * 9.50\text{E-}03 \text{ lb/MMBtu} = 0.03 \text{ lb/hr}$
 $0.03 \text{ lb/hr} * 8760 \text{ hr/hr} * 0.0005 \text{ ton/lb} = 0.13 \text{ ton/yr}$

NO_x Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: $1.00 \text{ gram/bhp-hour} * 400 \text{ bhp} * 0.002205 \text{ lb/gram} = 0.88 \text{ lb/hr}$
 $0.88 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 3.86 \text{ ton/yr}$

VOC Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: $1.00 \text{ gram/bhp-hour} * 400 \text{ bhp} * 0.002205 \text{ lb/gram} = 0.88 \text{ lb/hr}$
 $0.88 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 3.86 \text{ ton/yr}$

CO Emissions

Emission factor: 2.00 gram/bhp-hour (BACT Determination)
Calculations: $2.00 \text{ gram/bhp-hour} * 400 \text{ bhp} * 0.002205 \text{ lb/gram} = 1.76 \text{ lb/hr}$
 $1.76 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 7.73 \text{ ton/yr}$

SO₂ Emission

Emission factor: 5.88E-04 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 3.02 MMBtu/hr (Maximum Design)
Calculations: $3.02 \text{ MMBtu/hr} * 5.88\text{E-}04 \text{ lb/MMBtu} = 0.00 \text{ lb/hr}$
 $0.00 \text{ lb/hr} * 8760 \text{ hr/hr} * 0.0005 \text{ ton/lb} = 0.01 \text{ ton/yr}$

400-hp Waukesha F18GL Compressor Engine

Brake Horsepower: 400 bhp
Hours of operation: 8760 hr/yr

PM₁₀ Emissions

Emission Factor: 9.50E-03 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 2.86 MMBtu/hr (Maximum Design)
Calculations: $2.86 \text{ MMBtu/hr} * 9.50\text{E-}03 \text{ lb/MMBtu} = 0.03 \text{ lb/hr}$
 $0.03 \text{ lb/hr} * 8760 \text{ hr/hr} * 0.0005 \text{ ton/lb} = 0.13 \text{ ton/yr}$

NO_x Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: $1.00 \text{ gram/bhp-hour} * 400 \text{ bhp} * 0.002205 \text{ lb/gram} = 0.88 \text{ lb/hr}$
 $0.88 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 3.86 \text{ ton/yr}$

VOC Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: $1.00 \text{ gram/bhp-hour} * 400 \text{ bhp} * 0.002205 \text{ lb/gram} = 0.88 \text{ lb/hr}$
 $0.88 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 3.86 \text{ ton/yr}$

CO Emissions

Emission factor: 0.50 gram/bhp-hour (BACT Determination)
Calculations: $0.50 \text{ gram/bhp-hour} * 400 \text{ bhp} * 0.002205 \text{ lb/gram} = 0.44 \text{ lb/hr}$
 $0.44 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 1.93 \text{ ton/yr}$

SO₂ Emission

Emission factor: 5.88E-04 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 2.86 MMBtu/hr (Maximum Design)
Calculations: $2.86 \text{ MMBtu/hr} * 5.88\text{E-}04 \text{ lb/MMBtu} = 0.00 \text{ lb/hr}$
 $0.00 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 0.01 \text{ ton/yr}$

316-hp Ajax 2802LE Compressor Engine

Brake Horsepower: 316 bhp
Hours of operation: 8760 hr/yr

PM₁₀ Emissions

Emission Factor: 9.50E-03 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 2.46 MMBtu/hr (Maximum Design)
Calculations: $2.46 \text{ MMBtu/hr} * 9.50\text{E-}03 \text{ lb/MMBtu} = 0.02 \text{ lb/hr}$
 $0.02 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 0.10 \text{ ton/yr}$

NO_x Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: $1.00 \text{ gram/bhp-hour} * 316 \text{ bhp} * 0.002205 \text{ lb/gram} = 0.70 \text{ lb/hr}$
 $0.70 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 3.05 \text{ ton/yr}$

VOC Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: $1.00 \text{ gram/bhp-hour} * 316 \text{ bhp} * 0.002205 \text{ lb/gram} = 0.70 \text{ lb/hr}$
 $0.70 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 3.05 \text{ ton/yr}$

CO Emissions

Emission factor: 2.00 gram/bhp-hour (BACT Determination)
Calculations: $2.00 \text{ gram/bhp-hour} * 316 \text{ bhp} * 0.002205 \text{ lb/gram} = 1.39 \text{ lb/hr}$
 $1.46 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 6.11 \text{ ton/yr}$

SO₂ Emission

Emission factor: 5.88E-04 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 2.46 MMBtu/hr (Maximum Design)
Calculations: $2.46 \text{ MMBtu/hr} * 5.88\text{E-}04 \text{ lb/MMBtu} = 0.00 \text{ lb/hr}$
 $0.00 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 0.01 \text{ ton/yr}$

OR Worst Case (Hypothetical)

1680-hp Compressor Engine

Brake Horsepower: 1680 bhp
Hours of operation: 8760 hr/yr

PM₁₀ Emissions

Emission Factor: 9.50E-03 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 13.14 MMBtu/hr (Maximum Design)
Calculations: $13.14 \text{ MMBtu/hr} * 9.50\text{E-}03 \text{ lb/MMBtu} = 0.13 \text{ lb/hr}$
 $0.13 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 0.55 \text{ ton/yr}$

NO_x Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: $1.00 \text{ gram/bhp-hour} * 1680 \text{ bhp} * 0.002205 \text{ lb/gram} = 3.70 \text{ lb/hr}$
 $3.70 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 16.23 \text{ ton/yr}$

VOC Emissions

Emission factor: 1.00 gram/bhp-hour (BACT Determination)
Calculations: $1.00 \text{ gram/bhp-hour} * 1680 \text{ bhp} * 0.002205 \text{ lb/gram} = 3.70 \text{ lb/hr}$
 $3.70 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 16.23 \text{ ton/yr}$

CO Emissions

Emission factor: 2.10 gram/bhp-hour (BACT Determination)
Calculations: $2.10 \text{ gram/bhp-hour} * 1680 \text{ bhp} * 0.002205 \text{ lb/gram} = 7.78 \text{ lb/hr}$
 $7.78 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 34.07 \text{ ton/yr}$

SO₂ Emission

Emission factor: 5.88E-04 lb/MMBtu (AP-42, Chapter 3, Table 3.2-3, 7/00)
Fuel Consumption: 13.14 MMBtu/hr (Maximum Design)
Calculations: $13.14 \text{ MMBtu/hr} * 5.88\text{E-}04 \text{ lb/MMBtu} = 0.01 \text{ lb/hr}$
 $0.01 \text{ lb/hr} * 8760 \text{ hr/yr} * 0.0005 \text{ ton/lb} = 0.03 \text{ ton/yr}$

V. Existing Air Quality

The facility is located approximately seven miles northeast of Decker, Montana, in the NW¼ of Section 28, Township 9 South, Range 41 East, in Big Horn County, Montana. The air quality of this area is classified as either better than National Standards or unclassifiable/attainment for the National Ambient Air Quality Standards (NAAQS) for criteria pollutants.

VI. Ambient Air Impact Analysis

The Department determined, based on ambient air quality modeling, that the impact from this permitting action will be minor. The Department believes it will not cause or contribute to a violation of any ambient air quality standard.

Aspen Consulting & Engineering (Aspen) conducted air quality modeling for the proposed BCPL Rancholme 28 Battery as part of the BCPL air quality permit application. The Department conducted modeling at the request of the Bureau of Land Management that included the sources at the Rancholme 28 Battery. The modeling was done to demonstrate compliance with the Montana Ambient Air Quality Standards (MAAQS). In addition, although a New Source Review (NSR) - Prevention of Significant Deterioration (PSD) increment analysis was not required for this permitting action, the Department requested that permittees of coal bed methane natural gas compressor stations model for PSD increments for NO_x; therefore, a PSD increment analysis was conducted.

The EPA approved Industrial Source Complex (ISC3) model and 6 years of meteorological data (1984, 1987 through 1990) were utilized for the air quality model. The surface data was collected at the Sheridan County Airport in Sheridan, Wyoming, and the upper air data was collected at the Lander Hunt Field, Wyoming site. The receptor grid elevations were derived from digital elevation model (DEM) files using the United States Geological Survey (USGS) 7.5-minute series (1:24,000 scale) digitized topographic maps. The Decker, Holmes Ranch, Lacey Gulch, Pine Butte School, and Spring Gulch, Montana quadrangles and Cedar Canyon, Bar N Draw, and OTO Ranch, Wyoming quadrangles were used to determine the receptor grid. The receptors were placed along the fence line at 50-meter (m) intervals, from the fence line to 1 kilometer (km) beyond the fence line at 100-m intervals, from 1 km beyond the fence line to 3 km beyond the fence line at 250-m intervals, and from 3 km beyond the fence line to 10 km beyond the fence line at 500-m intervals. In addition, receptors were placed on the Northern Cheyenne Indian Reservation to determine compliance with the PSD Class I Increment. Building downwash was calculated using the EPA Building Profile Input Program (BPIP). The building corner coordinates and peak roof heights were provided by a BCPL plot plan submitted as part of the air quality permit application and were used to determine the appropriate direction-specific building dimension parameters to use for each emission source evaluated in the model.

Each NO_x emitting unit from BPCL's Rancholme 28 – Tongue River Battery as well as area NO_x sources in Montana and Wyoming were input into the air dispersion model. As show in Table 1 the modeled concentrations are well below the NAAQS/MAAQS. The Ambient Ratio Method and the Ozone Limiting Method were applied to the NO_x emissions to convert the modeled concentrations to NO₂ for comparison to the NAAQS/MAAQS. The model results for NO_x are summarized in Table 1.

Table 1. Ambient Modeling Results								
Pollutant	Avg. Period	NO _x Modeled Conc. (µg/m ³)	OLM/arm Adjusted to NO ₂ (µg/m ³)	Background Conc. (µg/m ³)	Ambient Conc. (µg/m ³)	NAAQS (µg/m ³)	MAAQS (µg/m ³)	% of NAAQS/MAAQS
NO ₂	1-hr	785	266	75	341	-----	564	60.5
	Annual	27	20	6	27	100	94	27/28.7

^a Concentration calculated using Ozone Limiting Method

^b Applying ARM with national default of 75%

^c These results are cumulative for the; Impacts from Rancholme 28 – Tongue River Battery alone are lower

Although a PSD increment analysis was not required by the ARM, due to the high projected development of coal bed methane in Montana, the Department required that BCPL demonstrate compliance with PSD increments for NO_x. Therefore, a Class II increment analysis was conducted for the region. The modeling demonstrated compliance with the Class II increments. The regional Class II modeling results are summarized in Table 2.

Table 2. Class II Modeling Results				
Pollutant	Avg. Period	Class II Modeled Conc. (µg/m ³)	Class II Increment (µg/m ³)	% Class II Increment
NO _x	Annual ^a	20	25	80.0

^a Applying ARM with national default of 75%

^b These results are cumulative; Impacts from Rancholme 28 – Tongue River Battery alone are lower

In summary, modeling was conducted to determine compliance with the MAAQS and the NAAQS, and the NO_x PSD increments. The modeling results demonstrated that neither the MAAQS nor the NAAQS would be violated. In addition, the PSD increment analysis for NO_x demonstrated that the Class II NO_x increment would not be exceeded.

VII. Taking or Damaging Implication Analysis

As required by 2-10-105, MCA, the Department conducted a private property taking and damaging assessment and determined there are no taking or damaging implications.

VIII. Environmental Assessment

An environmental assessment, required by the Montana Environmental Policy Act, was completed for this project. A copy is attached.

DEPARTMENT OF ENVIRONMENTAL QUALITY
Permitting and Compliance Division
Air Resources Management Bureau
P.O. Box 200901, Helena, Montana 59620
(406) 444-3490

FINAL ENVIRONMENTAL ASSESSMENT (EA)

Issued To: Bitter Creek Pipelines, LLC
Rancholme 28 Battery
P.O. Box 131
Glendive, Montana 59330

Air Quality Permit Number: 3337-00

Preliminary Determination Issued: August 27, 2004

Department Decision Issued: September 14, 2004

Permit Final: September 30, 2004

1. *Legal Description of Site:* BCPL Rancholme 28 Battery is located approximately seven miles northeast of Decker, Montana, in the NW¼ of Section 28, Township 9 South, Range 41 East, in Big Horn County, Montana.
2. *Description of Project:* BCPL proposes to construct and operate a natural gas compressor station. The maximum rated design capacity of the Rancholme 28 Battery shall not exceed 1,680- hp. The Rancholme 28 Battery may use only Waukesha 3524GSI, Caterpillar 3408TA, Waukesha F18GL, and Ajax 2802LE compressor engines. The Rancholme 28 Battery compresses and transports natural gas from the nearby gas field. The natural gas fired compressor engine compresses the gas for transmission through the pipeline.
3. *Objectives of Project:* The proposed project would provide business and revenue for BCPL by allowing the company to extract natural gas from the field. Natural gas would be received and compressed for transmission through the pipeline.
4. *Alternatives Considered:* In addition to the proposed action, the Department also considered the “no-action” alternative. The “no-action” alternative would deny issuance of the Montana Air Quality Permit to the proposed facility. However, the Department does not consider the “no-action” alternative to be appropriate because BCPL demonstrated compliance with all applicable rules and regulations as required for permit issuance. Therefore, the “no-action” alternative was eliminated from further consideration.
5. *A Listing of Mitigation, Stipulations, and Other Controls:* A list of enforceable conditions, including a BACT analysis, would be included in Permit #3337-00.
6. *Regulatory Effects on Private Property:* The Department considered alternatives to the conditions imposed in this permit as part of the permit development. The Department determined that the permit conditions would be reasonably necessary to ensure compliance with applicable requirements and to demonstrate compliance with those requirements and would not unduly restrict private property rights.

7. The following table summarizes the potential physical and biological effects of the proposed project on the human environment. The “no-action” alternative was discussed previously.

		Major	Moderate	Minor	None	Unknown	Comments Included
A	Terrestrial and Aquatic Life and Habitats			X			Yes
B	Water Quality, Quantity, and Distribution			X			Yes
C	Geology and Soil Quality, Stability and Moisture			X			Yes
D	Vegetation Cover, Quantity, and Quality			X			Yes
E	Aesthetics			X			Yes
F	Air Quality			X			Yes
G	Unique Endangered, Fragile, or Limited Environmental Resources			X			Yes
H	Demands on Environmental Resource of Water, Air and Energy			X			Yes
I	Historical and Archaeological Sites			X			Yes
J	Cumulative and Secondary Impacts			X			Yes

SUMMARY OF COMMENTS ON POTENTIAL PHYSICAL AND BIOLOGICAL EFFECTS: The following comments have been prepared by the Department.

A. Terrestrial and Aquatic Life and Habitats

Minor impacts to terrestrial and aquatic life and habitats would be expected from the proposed project because deer, antelope, coyotes, geese, ducks, and other terrestrials would potentially use the area around the facility and because the facility would be a source of air pollutants. The facility would emit air pollutants and, through modeling, the Department determined corresponding deposition of pollutants would occur; however, the Department determined that any impacts from deposition would be minor. In addition, minor land disturbance would occur through facility construction activities. Any impacts from facility construction would be minor due to the relatively small size of the project and the relatively short period of time required for construction. Overall, any impacts to terrestrial and aquatic life and habitats would be minor.

B. Water Quality, Quantity, and Distribution

Minor impacts would be expected on water quality, quantity, and distribution from the proposed project because the facility would be a source of pollutants. The facility would have no direct discharges into surface water. However, minor amounts of water may be required to control fugitive dust emissions from the access roads and the general facility property. In addition, the facility would emit air pollutants and corresponding deposition of pollutants would occur. However, the Department determined because of the relative size of the facility that any impact resulting from the deposition of pollutants on water quality, quantity, and distribution would be minor.

In addition, water quality, quantity, and distribution would not be impacted from constructing the facility because there is no surface water at or relatively close to the site. Furthermore, no direct discharges into surface water would occur and no use of surface water would be expected for facility construction. Therefore, no impacts to water quality, quantity, and distribution would be expected from facility construction. Overall, any impacts to water quality, quantity, and distribution would be minor.

C. Geology and Soil Quality, Stability, and Moisture

Minor impacts would occur on the geology and soil quality, stability, and moisture from the proposed project because minor construction would be required to develop the facility. Small buildings would be constructed, natural gas pipelines would be installed, and an access road would be developed. In addition, no discharges, other than air emissions, would occur at the facility. Any impacts to the geology and soil quality, stability and moisture from facility construction would be minor due to the relatively small size of the project.

Further, deposition of pollutants would occur; however, the Department determined, through modeling, that any impacts resulting from the deposition of pollutants on the soils surrounding the site would be minor. Overall, any impacts to the geology and soil quality, stability, and moisture would be minor because of deposition of pollutants.

D. Vegetation Cover, Quantity, and Quality

Minor impacts would occur on vegetation cover, quantity, and quality because minor construction would be required to develop the facility. Small buildings would be constructed, natural gas pipelines would be installed, and an access road would be developed.

In addition, no discharges, other than air emissions, would occur at the facility. Any impacts to the vegetation cover, quantity, and quality from facility construction would be minor due to the relatively small size of the project.

The facility would be a source of air pollutants and corresponding deposition of pollutants would occur. However, the Department determined that any impacts resulting from the deposition of pollutants on the existing vegetation cover, quantity, and quality would be minor. Overall, any impacts to vegetation cover, quantity, and quality would be minor because of deposition of pollutants.

E. Aesthetics

Minor impacts would result on the aesthetic values of the area because the facility would be a new facility. Small buildings would be constructed to house the engines, natural gas pipelines would be installed, and an access road would be developed. However, any visual aesthetic impacts would be minor because the natural gas gathering plant is a relatively small industrial facility.

The facility would also create additional noise in the area. However, any auditory aesthetic impacts would be minor because the compressor engine would generally operate enclosed indoors and with a non-Selective Catalytic Reduction (NSCR) unit. NSCR units are typically designed to be installed in mufflers. Overall, any aesthetic impacts would be minor.

F. Air Quality

The air quality of the area would realize minor impacts from the proposed project because the facility would emit the following air pollutants: PM₁₀; NO_x; CO; VOC, including HAPs; and SO_x. Air emissions from the facility would be minimized by limitations and conditions that would be included in Permit #3337-00. Conditions would include, but would not be limited to, BACT emission limits and opacity limitations on the proposed engines and the general facility. In addition, based on previous analysis of sources of this type operating under similar conditions, the Department believes that the emissions resulting from the proposed engines

would exhibit good dispersion characteristics resulting in relatively low deposition impacts. While deposition of pollutants would occur as a result of operating the facility, the Department determined that the impacts from deposition of pollutants would be minor due to dispersion characteristics of pollutants (stack height, stack temperature, etc.), the atmosphere (wind speed, wind direction, ambient temperature, etc.), and conditions that would be placed in Permit #3337-00. The amount of air concentration of pollutants would be relatively small, and the corresponding deposition of those air pollutants would be minor.

Since controlled emissions from the proposed station would exhibit good dispersion characteristics and would not exceed any Montana ambient air quality modeling threshold, the Department determined that controlled emissions from the source will not cause or contribute to a violation of any ambient air quality standard. Therefore, any impacts to air quality from the proposed facility would be minor.

G. Unique Endangered, Fragile, or Limited Environmental Resources

In an effort to identify any unique endangered, fragile, or limited environmental resources in the area, the Department contacted the Montana Natural Heritage Program, Natural Resource Information System (NRIS). The NRIS search did not identify any known species of special concern located within the proposed project area. In this case, the project area was defined by the section, township, and range of the proposed location with an additional 1-mile buffer zone. Due to the minor amounts of construction that would be required, the relatively low levels of pollutants that would be emitted, and because the NRIS search did not identify any species of special concern in the area of the proposed facility, the Department determined that it would be unlikely that the proposed project would impact any species of special concern and that any potential impacts would be minor.

H. Demands on Environmental Resources of Water, Air, and Energy

The proposed project would have minor impacts on the demands for the environmental resources of air, because the facility would be a minor source of air pollutants. Demands for water would be minor because the facility may use water for dust suppression. Deposition of pollutants would occur as a result of operating the facility; however, the Department determined that any impacts from deposition of pollutants would be minor.

The proposed project would be expected to have minor impacts on the demand for the environmental resource of energy because power would be required at the site. The impact on the demand for the non-renewable environmental resource of energy would be minor because the facility would be relatively small by industrial standards. Overall, the impacts for the demands on the environmental resources of water, air, and energy would be minor.

I. Historical and Archaeological Sites

In an effort to identify any historical and archaeological sites near the proposed project area, the Department contacted the Montana Historical Society, State Historic Preservation Office (SHPO). According to SHPO records, there have not been any previously recorded historic or archaeological sites within the proposed area. In addition, SHPO records indicated that no previous cultural resource inventories have been conducted in the area. SHPO recommended that a cultural resource inventory be conducted to determine if cultural or historic sites exist and if they would be impacted. However, neither the Department nor SHPO has the authority to require BCPL to conduct a cultural resource inventory. The Department determined that due to the previous disturbance in the area (the area is an active crude oil field) and the small amount of land disturbance that would be required to construct the facility, the chance of the project impacting any cultural or historic sites would be minor.

J. Cumulative and Secondary Impacts

Overall, the cumulative and secondary impacts on the physical and biological aspects of the human environment in the immediate area would be minor due to the relatively small size of the project and negligible construction activities associated with this type of facility. The Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as would be outlined in Permit #3337-00.

Additional facilities (compressor stations, gas plants, etc.) could locate in the area to withdraw natural gas from the nearby area and/or to separate the components of natural gas. However, any future facility would be required to apply for and receive the appropriate permits from the appropriate regulating authority. Environmental impacts from any future facilities would be assessed through the appropriate permitting process.

8. The following table summarizes the potential economic and social effects of the proposed project on the human environment. The “no-action” alternative was discussed previously.

		Major	Moderate	Minor	None	Unknown	Comments Included
A	Social Structures and Mores			X			Yes
B	Cultural Uniqueness and Diversity			X			Yes
C	Local and State Tax Base and Tax Revenue			X			Yes
D	Agricultural or Industrial Production			X			Yes
E	Human Health			X			Yes
F	Access to and Quality of Recreational and Wilderness Activities			X			Yes
G	Quantity and Distribution of Employment			X			Yes
H	Distribution of Population			X			Yes
I	Demands for Government Services			X			Yes
J	Industrial and Commercial Activity			X			Yes
K	Locally Adopted Environmental Plans and Goals			X			Yes
L	Cumulative and Secondary Impacts			X			Yes

SUMMARY OF COMMENTS ON POTENTIAL ECONOMIC AND SOCIAL EFFECTS: The following comments have been prepared by the Department.

- A. Social Structures and Mores
- B. Cultural Uniqueness and Diversity

The proposed project would cause minor, if any, impacts to the above social and economic resources in the area because the proposed project would take place in a relatively remote location. Further, the operation of a gas gathering plant of this type necessitates one half-time employee for normal operations and would likely not result in any, or very little, immigration of new people to the area for employment purposes; thereby, having little if any impact on the above social and economic resources of the area.

Additional activity (vehicle traffic, construction equipment, etc.) would be noticeable during facility construction and the gathering plant would typically require day-to-day employees. Once the facility is constructed, activities associated with the operation of the facility would be minor. Overall, any impacts to the above social and economic resources in the area would be minor.

C. Local and State Tax Base and Tax Revenue

The proposed project would result in minor impacts to the local and state tax base and tax revenue because relatively few new employees would be expected as a result of constructing the facility. Further, the proposed project would necessitate negligible construction activities and typically would not require an extended period of time for completion. Therefore, any construction related jobs would be temporary and any corresponding impacts on the tax base/revenue in the area would be minor. Overall, any impacts to the local and state tax base would be minor.

D. Agricultural or Industrial Production

The land at the proposed location is rural agricultural grazing land. However, because the facility would be relatively small, the proposed project would result in only minor impacts to agricultural production. The proposed project would have minor impacts to industrial production because the proposed project would be a new industrial source locating in the proposed area. However, because the facility would be relatively small by industrial standards, the project would likely not result in additional industrial sources

Additional facilities (compressor stations, gas plants, etc.) could locate in the area to withdraw natural gas from the nearby area and/or to separate the components of natural gas. However, any future facility would be required to apply for and receive the appropriate permits from the appropriate regulating authority. Environmental impacts from any future facilities would be assessed through the appropriate permitting process. The Department is not aware of plans for any additional facilities at this time. Overall, any impacts to agricultural or industrial production of the area would be minor.

E. Human Health

The proposed project would result in minor, if any, impacts to human health. Deposition of pollutants would occur; however, the Department determined that the proposed project would comply with all applicable air quality rules, regulations, and standards. These rules, regulations, and standards are designed to be protective of human health. Overall any impacts to public health would be minor.

F. Access to and Quality of Recreational and Wilderness Activities

The proposed project would have minor, if any, impacts on access to recreational and wilderness activities because of the relatively remote location and the relatively small size of the facility. The proposed project would have minor impacts on the quality of recreational and wilderness activities in the area because the facility, while relatively small by industrial standards, would be visible and would produce noise. Overall any impacts to the access and quality of recreational and wilderness activities in the area would be minor.

- G. Quantity and Distribution of Employment
- H. Distribution of Population

The proposed project would have minor impacts on the employment and population because one half-time permanent employee would be required for normal operations thereby resulting in relatively minor, if any, new immigration to the area. In addition, temporary construction-related positions would result from this project. However, any impacts to the quantity and distribution of employment from construction related employment would be minor due to the relatively small size of the facility and the relatively short time period that would be required for constructing the facility. Overall, any impacts to the above social and economic resources in the area would be minor.

- I. Demands for Government Services

There would be minor impacts on the demands for government services because additional time would be required by government agencies to issue the appropriate permits for the facility and to assure compliance with applicable rules, standards, and conditions that would be contained in those permits. In addition, there would be minor impacts on the demands for government services to regulate the increase in vehicle traffic that would be associated with constructing and operating the facility. The increase in vehicle traffic would be primarily during facility construction but the gas gathering plant typically does require day-to-day attention. Therefore, vehicle traffic would be relatively minor due to the relatively short time period that would be required to construct the facility and the day-to-day over-site of the plant by permanent employees. Overall, any demands for government services to regulate the facility or activities associated with the facility would be minor due to the relatively small size of the facility.

- J. Industrial and Commercial Activity

Only minor impacts would be expected on the local industrial and commercial activity because the proposed project would represent only a minor increase in the industrial and commercial activity in the area. The proposed project would be relatively small and would take place at a relatively remote location.

Additional facilities (compressor stations, gas plants, etc.) could locate in the area to withdraw natural gas from the nearby area and/or to separate the components of natural gas. However, any future facility would be required to apply for and receive the appropriate permits from the appropriate regulating authority. Environmental impacts from any future facilities would be assessed through the appropriate permitting process. Overall, any impacts to the local industrial and commercial activity of the area would be minor.

- K. Locally Adopted Environmental Plans and Goals

The Department is unaware of any locally adopted environmental plans or goals. The permit would ensure compliance with state standards and goals. The state standards would protect the proposed site and the environment surrounding the site.

- L. Cumulative and Secondary Impacts

Overall, cumulative and secondary impacts from this project would result in minor impacts to the economic and social aspects of the human environment in the immediate area. Due to the relatively small size of the project, the industrial production, employment, and tax revenue (etc.) impacts resulting from the proposed project would be minor. In addition, the Department believes that this facility could be expected to operate in compliance with all applicable rules and regulations as would be outlined in Permit #3337-00.

Additional facilities (compressor stations, gas plants, etc.) could locate in the area to withdraw natural gas from the nearby area and/or to separate the components of natural gas. However, any future facility would be required to apply for and receive the appropriate permits from the appropriate regulating authority. Environmental impacts from any future facilities would be assessed through the appropriate permitting process.

Recommendation: No EIS is required.

If an EIS is not required, explain why the EA is an appropriate level of analysis: The current permit action is for the construction and operation of a natural gas gathering plant. Permit #3337-00 includes conditions and limitations to ensure the facility will operate in compliance with all applicable rules and regulations. In addition, there are no significant impacts associated with this proposal.

Other groups or agencies contacted or which may have overlapping jurisdiction: Montana Historical Society – State Historic Preservation Office, Natural Resource Information System – Montana Natural Heritage Program

Individuals or groups contributing to this EA: Department of Environmental Quality – Air Resources Management Bureau, Montana Historical Society – State Historic Preservation Office, Natural Resource Information System – Montana Natural Heritage Program

EA prepared by: M. Eric Merchant, MPH
Date: August 18, 2004